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DAVID SANDERS, PH.D.  
Director

## COUNTY OF LOS ANGELES DEPARTMENT OF CHILDREN AND FAMILY SERVICES

425 Shatto Place, Room 205 -- Los Angeles, California 90020  
(213) 351-5602

February 3, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

### Board of Supervisors

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First District

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Dear Supervisors:

**REQUEST FOR APPROVAL AND AUTHORIZATION TO SUBMIT A  
TITLE IV-E DEMONSTRATION WAIVER APPLICATION TO START  
FEDERAL FISCAL YEAR (FFY) 2004-05 SUBJECT TO BOARD  
APPROVAL OF ANY RESULTING AGREEMENT  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and authorize the Director of the Los Angeles County (County) Department of Children and Family Services (DCFS) to prepare a Cooperative Agreement with the Director of the California Department of Social Services (CDSS or State) and request the State to submit an application for a waiver of certain provisions of Title IV-E of the Social Security Act (SSA) and authorization from the Secretary of the United States Department of Health & Human Services, Administration for Children and Families (HHS/ACF) for the State to conduct a Child Welfare Waiver Demonstration Project (CWWDP) in Los Angeles County pursuant to Section 1130(a) of the SSA, as amended.
2. Approve the attached proposal for a Title IV-E Demonstration Waiver Application (IV-E Waiver Application) to be submitted by Los Angeles County to CDSS on behalf of the State and authorize the Director of DCFS to participate in negotiating the final terms and conditions of the Title IV-E Waiver Agreement

between the State and the United States and the Cooperative Agreement between the County and the State, subject to acceptance and approval by the Los Angeles County Board of Supervisors.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

Historically, the primary federal revenue stream for child welfare services has been captured pursuant to Title IV-E of the Social Security Act. This revenue is tied to paying for board and care costs as well as case management services for federally eligible children who have been removed from their parents and placed in out-of-home care settings.

The SSA authorizes HHS to approve a limited number of CWWDPs and waive certain requirements of Title IV-E and sections of the SSA that govern foster care, adoption assistance, independent living, child welfare services, community-based family support, reunification and adoption promotion. Under the waivers and CWWDPs, states can design and demonstrate a wide-range of approaches to reform child welfare and improve outcomes in the areas of safety, permanency and well-being.

Pursuant to the Board's November 12, 2003 hearing, the Director was authorized to proceed with finding possible solutions which will enable DCFS to expand the range of solutions and services to respond to the safety and permanency needs for children and families in the most timely, least intrusive manner through the flexible and efficient use of IV-E dollars and collaboration with our community partners. Accordingly, DCFS has discussed a proposed Cooperative Agreement with the State to participate in CDSS's planned application for a waiver to Title IV-E and use a CWWDP to spend existing IV-E dollars flexibly to develop a unique service array geared toward each family's individual needs while ensuring safety and permanency for children, preferably in their family of origin, whenever possible.

At the November 12, 2003 Board hearing, the Department was authorized to proceed with the preparation of the IV-E Waiver Application based, in part, on strong statements of community support.

Accordingly, the purpose of the recommended actions is to test and implement redesigned child welfare strategies at the organizational, process, and job levels. The attached IV-E Waiver Application describes in detail planned improvements in: (1) decision making processes; (2), jobs that will produce good safety and permanence outcomes for children and families and (3) organization/structure and management practices. As a result of reduced case inflow and increased case outflow, there will be savings for re-investment in three (3) areas: (1) New and expanded programs and services; (2); Increase direct services staffing, lowering caseloads so social workers can spend more time working with families and children (3) Efficiencies in management structures including the development of performance based contracts.

The goal of the project is to improve child and family outcomes as measured in six (6) specific areas (out of home care, adoptions, expedited reunification, emancipation, group homes and institutions, and foster care abuse and neglect) within defined spending limits. More specifically, the result of the demonstration will be the following improved outcomes for the children and families of the County:

- 1) 15% reduction of entries into out of home care;
- 2) 10% of the child caseload (excluding high end settings) to achieve adoption;
- 3) Decrease the average length of stay in out-of-home care for the 25<sup>th</sup> percentile from 14 months to 10 months through expedited reunification;
- 4) 20% reduction in the number of youth exiting out-of-home care through emancipation;
- 5) 10% reduction in RCL 12, 14 and CTF bed days (high end group homes and institutions); and
- 6) Reduction in founded abuse and neglect reports in foster care to national standard.

The goals and purposes of the Title IV-E Waiver Agreement are to create system reform that will benefit children and families and improve outcomes by increasing the flexibility in its use of IV-E funds. System reform will generate cost savings in foster care costs that can be used to develop and access a wide variety of community resources ready to respond to the safety and permanency needs of all children and families, regardless of IV-E funding eligibility, in the most timely, effective, efficient and least intrusive manner.

#### Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the Countywide Strategic Plan. CWWDPs are consistent with all the implementation strategies of Goal #1, Service Excellence; Goal #3, Ensure that service delivery systems are efficient, effective, and goal-oriented; and Goal #5, Children and Families Well-Being, Improve the well-being of children and families in the County of Los Angeles.

#### **FISCAL IMPACT/FINANCING**

Under current Federal law, Federal Title IV-E funding for foster care assistance and administration is provided to states on an open-ended matching basis for Federally eligible children in out of home care and related services. California's current Federal IV-E match rate is 50%. Under State law, the non-Federal cost-sharing ratio is 60% County/40% State for foster care assistance and 30% County/70% State for foster care administration.

The proposed Waiver Demonstration Project would provide the County with the flexibility to spend Federal IV-E funds on foster children and child welfare services that otherwise would not be eligible for Federal financial participation over a five-year project period. The County has asked that the following IV-E activities not be included in the

waiver project: (1) Training; (2) Adoptions Assistance and Administration; (3) SACWIS (CWS/CMS); and (4) Foster Care Administrative and Maintenance for Probation Department youth.

The waiver application also proposes that the County receive capped annual Federal IV-E allotments, which would allow the County to reinvest net cost savings from the proposed child welfare services and strategies in providing additional child welfare services. Because Title IV-E waivers authorized under Section 1130 of the Social Security Act must be cost-neutral to the Federal government, the County's annual Federal IV-E allotments, in aggregate, must be determined by HHS/ACF to equal the amount that the County, otherwise, would receive during the five-year project period under current law. As a starting point for negotiations with HHS/ACF, the County proposes that the capped allocations be based on the historical expenditure growth in Federal IV-E claims with an annual growth rate estimated to be 4.2%.

Under the waiver, besides agreeing along with the State to ensuring cost neutrality to the Federal government over the five-year project period, the County and State must agree to submit an annual updated plan for rolling implementation; establish administrative and management supports to ensure the success the Project; uphold appropriate statutes and regulations; and participate in a rigorous 5-year evaluation process.

Currently there is no prescribed Federal methodology for computing Federal cost neutrality. The 4.2% annual growth rate over the five-year project period is the starting point for negotiations with the Federal government and HHS/ACF may not agree to a 4.2% growth rate. If the amount of Federal IV-E funds that HHS/ACF were willing to provide under the waiver is significantly less, then the proposed waiver may not be fiscally viable, especially to the extent that the County and/or State must finance any costs in excess of the Federal IV-E allotments. Under the memorandum-of-understanding (MOU) to be negotiated with the State, the non-Federal share of costs would be divided between the State and County in accordance with the cost-sharing ratio under current State law. To provide the State and County with protection against unforeseen costs or problems, the State and County each would reserve the right to opt-out from the waiver project at any time.

The Department will file quarterly reports to the Board on our progress in achieving cost savings and our how we are reinvesting these funds in new and expanded services to prevent removal of children from their homes as well as expedite reunification and permanency.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

As part of the Title IV-E Waiver Application, the County will work to reach a Cooperative Agreement with the State. The essential terms of the agreement will provide that for a period of five years, the State and Federal share of foster care funds shall be made

available to the County to finance structural, process, and job improvements, including new programs and services, based on the estimated expenditures negotiated in the waiver. The County's project plan will include expected outcomes, specific activities, timelines, and costs, and shall use Title IV-E funds in a manner that is cost neutral to the State and Federal governments.

In addition, the County would agree to use the Child Welfare Services/Case Management System (CWS/CMS) database to determine eligibility for all children and families and ensure that foster children (i.e., children in out of home care) who are eligible for the Medi-Cal program will be provided a full range of health and mental health care services under that program. If these foster children are not eligible, the County shall ensure that the child's medical needs are met through other acceptable methods, such as Healthy Families or continuing coverage by a parent's health plan. Finally, the County shall build collaboration among local community entities of parents, county departments, school districts, local planning agencies, community partnerships and private service providers in the planning and implementation of these reforms.

Under the agreement, CDSS would agree to pass through in a timely manner the County's share of Federal and State Title IV-E funds and to process other Title IV-E claims submitted by the County for eligible costs outside the Waiver Demonstration Project. The State and counties will negotiate with the federal government to establish a penetration rate at the start of the project and request the state and counties will assume that same rate if the project ends early or at the end of the waiver period. The State and the participating counties reserve, in their sole discretion, the right to opt out at any time from the waiver project.

The Chief Administrative Office (CAO) concurs with the requested action.

### **IMPACT ON CURRENT SERVICES**

The County proposes to develop, implement and expand a wide array of programs and services, to provide individualized services and strategies that are strength based, family centered, child-focused and community based. This array of services will span the service continuum from: (1) Early Intervention; (2) Crisis Intervention; (3) Intensive Services; and (4) Permanency Services.

The proposed service strategies build upon current Department activities and initiatives agreed to in the Performance Improvement Plan submitted by CDSS to the federal Department of Health and Human Services in response to the Child and Family Services Review conducted in 2002.

As part of the Waiver, DCFS will work to build strong community partnerships, involving the Commission for Children and Families, Children's Planning Council, First 5 Commission, foundations, law enforcement, community based organizations and service providers, church groups and neighborhood associations. Utilizing Family to

Family principles, the Department will engage community organizations to ensure that service planning and development is sensitive to the needs of local communities, as well as reaching out to serve those local communities.

DCFS plans to include other county agencies in the planning and implementation process, in order to blend prevention and intervention programs. It is anticipated that key County Departments will include: (1) Department of Public Social Services; (2) Department of Mental Health; (3) Department of Health Services; (4) Los Angeles County Sheriffs Department; (5) Community Development Commission; (6) Community and Senior Services; and (7) Chief Administrative Office – Services Integration Branch.

Evaluation will include three components, including: (1) Hypothesis testing; (2) Process studies; (3) Program/services Evaluation.

The hypothesis tested by the IV-E Waiver Application is: “The implementation of flexible funding strategies in a large, urban child welfare system can improve child outcomes within defined spending limits.”

The evaluation will be designed, implemented and monitored by a team, and the County will participate in the selection of the independent evaluators.

We propose that California’s CWWDP begins with the FFY ’05 and that the duration of its waiver request be for five federal fiscal years (October 1, 2004 to September 30, 2009). If the Board approves this letter, the projected timetable is as follows: Spring 2004 (Finalize evaluation criteria with HHS/ACF; Acceptance of Title IV-E Waiver Agreement; Seek enabling authority from State legislature; Develop RFP) and Summer 2004 (Select an independent evaluator; Develop and facilitate the proposal’s implementation). Finally, in October 2004, the Department will begin implementation of the IV-E Waiver project.

## **CONCLUSION**

The Title IV-E Waiver Agreement will give the State and the County the financial flexibility to make strategic investments in the structural and programmatic reforms that are desperately needed to better serve children and families in a cost neutral manner. To be effective, the child welfare system must be able to meet the multiple needs of children and families through the responsible use of the full spectrum of available government services and community supports. These efforts will build on the significant systems improvement efforts already underway among Los Angeles county government departments and their community partners.

The Title IV-E Waiver Agreement will allow the Department funding flexibility to improve outcomes for children and reduce the rate of recidivism for abused and neglected children by a combination of caseload reduction and an increase in the amount of time caseworkers spend with each family, corresponding increases in the number of children

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who can remain safely in their homes, reduce reliance on out-of-home care, and shorten the timelines to permanency for children.

Upon approval by the Board of Supervisors, it is requested that the Executive Officer / Clerk of the Board send one (1) copy of the Adopted Board letter to:

Department of Children and Family Services  
Bureau of Finance  
Attn: Joan Smith, Bureau Chief  
425 Shatto Place, Room 403  
Los Angeles, California 90020

Respectfully submitted,

*[Original Signed by Authorized Facsimile]*

DAVID SANDERS, PH.D.  
Director

Attachment (1)

DS:JS:TB:cj

c: Chief Administrative Officer  
County Counsel



# CALIFORNIA TITLE IV-E DEMONSTRATION WAIVER PROJECT JANUARY 2004

## I. INTRODUCTION - SUMMARY OF THE PROJECT

The State of California Department of Social Services (State) seeks an agreement with the Department of Health and Human Services/Administration for Children and Families (Department) to waive provisions of Title IV-E of the Social Security Act, as amended by Public Law 105-80, Public Law 108-40, and Public Law 108-89 under the authority granted by Section 1130. This proposed project is:

- Consistent with the purposes of Title IV-E of the Social Security Act in providing child welfare services, including foster care, adoption, and reunification. More specifically, the waiver application is consistent with the goal of assuring child safety, protecting the rights of children and their families, and working to ensure permanency through family preservation and support or through reunification or adoption. (See 'Relation to the California Program Improvement Plan' below.)
- *Cost neutral to the federal government for the duration of the project period.*
- *Neutral to the benefit eligibility of children and families.*

The purpose of the proposed waiver is the testing of redesigned child welfare strategies at the organizational, process, and job levels. Through the application of flexible funding strategies and expanded services, we can achieve cost savings that will then be re-invested in services program sub-components. The aim of the project is to improve child and family outcomes in six (6) specific areas within defined spending limits.

## II. CURRENT SYSTEM PERFORMANCE

California's Child and Family Service Review (CFSR) cited widespread failure in both California's and Los Angeles County's provision of child welfare services. Critical failures included poor outcomes for children in the areas of child safety, permanency, child and family wellbeing, and service array.

In order for California's performance profile to improve in statistically significant ways, the improved performance of Los Angeles Department of Children and Family Services (DCFS) is critical. As of November 2003, Los Angeles County accounted for 40,577 children under child welfare supervision, of which 28,941 in out of home care placement.<sup>i</sup> Forty percent of California's total child welfare caseload comprises children in Los Angeles County.<sup>ii</sup>

In child safety, multiple failures in California and Los Angeles County existed:

- California's data profile indicated a repeat maltreatment rate of 10.7% compared with the national standard of 6.1%.<sup>iii</sup>
- Los Angeles County children are twice as likely to suffer from repeat incidents of abuse and neglect than national standards.<sup>iv</sup>
- The rate of abuse and neglect in Los Angeles County foster care is nearly three times the national standard.<sup>v</sup>

In permanency, California and Los Angeles County performed poorly:

- In 24% of cases, CSFR reviewers found that the agency had not established an appropriate permanency goals for children in a timely manner.<sup>vi</sup>
- Only 53.2% of California children were reunified within 12 months of their entry into foster care compared with the national standard of 76.2 percent or more.<sup>vii</sup> As of November 2003, Los Angeles County reunified 19.3% of children within 12 months.<sup>viii</sup>
- Only 18% of California's finalized children's adoptions occurred within 24 months of removal from their home compared with the national standard of 32% or more.<sup>ix</sup> For FY 2002-03, the

## CALIFORNIA TITLE IV-E DEMONSTRATION WAIVER PROJECT JANUARY 2004

Los Angeles County average length of time to adoption was 49.85 months, more than double the national standard.<sup>x</sup>

- Too many children are in permanent placement with a case plan goal of Long Term Foster Care. As of December 30, 2003, Los Angeles County had 8,564 children with a case plan goal of Long Term Foster Care.<sup>xi</sup>
- CSFR reviewers concluded that California had not “made concerted efforts to ensure permanency for children with regard to alternative living options.”<sup>xii</sup>

In child and family well being, serious shortcomings remained:

- Parents and children were not involved in case planning in 47% of the cases reviewed statewide.<sup>xiii</sup>
- 35% of all reviewed cases indicated that the services needs of children and parents had not been addressed.<sup>xiv</sup>
- Nearly one fifth of all applicable cases indicated that the state had failed to meet the educational needs of children in foster care.<sup>xv</sup>
- Los Angeles County stakeholders cited the lack of “high end” mental health services for children and reported that waiting lists for mental health services generally “can extend up to nine months.”<sup>xvi</sup>

In the array of services for children and families, outcomes fell short:

- Stakeholders noted that current services fail to “target youths’ individualized needs and provide transitional living services for children emancipating from foster care.”<sup>xvii</sup> Nearly a quarter or 7,500 children in Los Angeles County foster care are adolescents who have been in care for over two years.
- Reviewed case plans were “generic and lacked an individualized approach to serving children and families.”<sup>xviii</sup>
- Stakeholders reported that the “*silo* approach to funding agencies” remains “a barrier to coordinating services at the State level.”<sup>xix</sup>

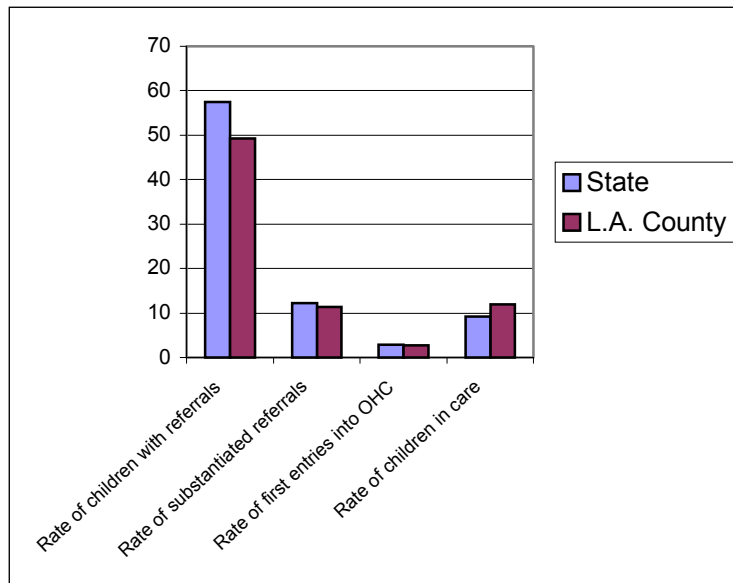
The State issued the Child Welfare Services (CWS) Redesign in September 2003. This long-range planning document defines the parameters of a statewide system reform. These reforms are consistent with the need to improve child and family outcomes and with this waiver request.

### Demand for Services

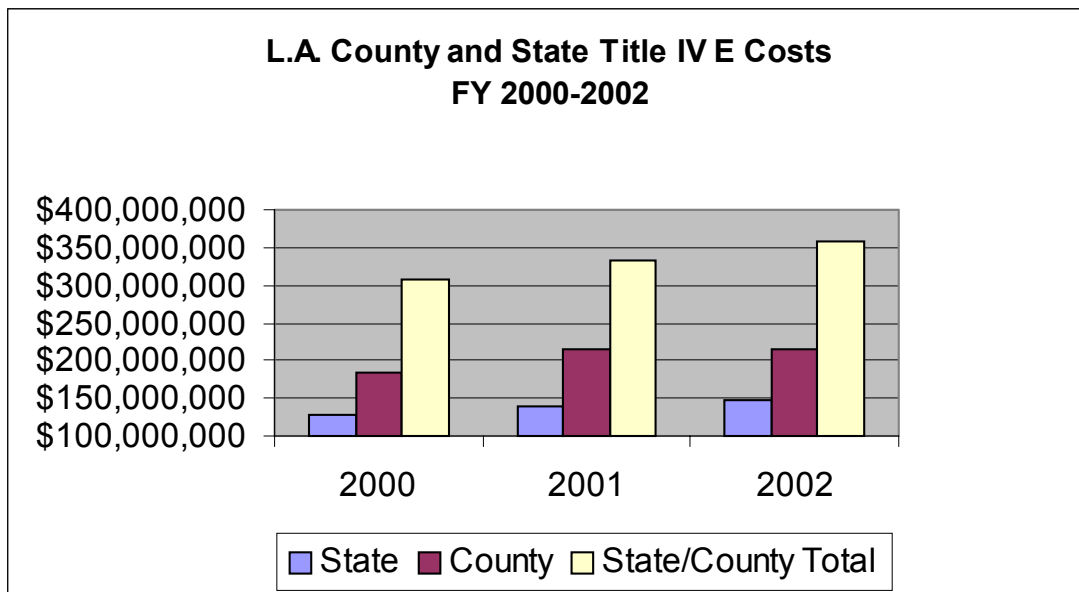
What the statistics fail to capture is the degree and severity of abuse and neglect related problems that children confront and to which California and Los Angeles County must respond. Current social and economic forces place enormous pressure on state and local child protection agencies. Even while the total number of children in foster care have decreased, the costs for care continue to escalate.

# CALIFORNIA TITLE IV-E DEMONSTRATION WAIVER PROJECT JANUARY 2004

## Comparison of Statewide and Los Angeles County Rates for Referral Acceptance, Substantiation, First Entries in to Out-of-Home Care and Children in Care



## Cost of Care



Further, child welfare is not a single-issue problem. Adverse social trends have generally weakened the capacities of families and communities to protect and care for their children. Those who enter the child welfare system typically have more than one problem to conquer. Families in different communities are also exposed to different kinds of supports and challenges.

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According to the most recent Los Angeles County Children's Score Card 1995-1999 (Children's Planning Council 2002), poverty reached a peak in 1995 when 37% of children in the county lived in families with incomes under the Federal poverty level. By 1999, economic conditions had improved significantly, but 29% of children were still living in poverty. Many more children, however, were affected by their families' difficult economic circumstances – 33% of children were "near poor" (living in families with incomes at or below 133% of poverty) and 54% or 1.4 million of the county's 2.6 million children and youth were "low income" (under 200% of poverty level). These countywide averages mask significant regional differences – over 40% of children in the Metro and South Service Planning Areas (SPAs) lived in families with incomes below the poverty level in 1999 while only 16% in the Antelope Valley were below poverty level.

Since all but one of the county's eight SPAs is bigger than several other states, it is not surprising that the data highlight different kinds of strengths and challenges for families living in different parts of this complex county. The following provides a brief portrait of family demographics, strengths and needs in each of the SPAs:

\* Smallest in terms of population but largest in land area, the Antelope Valley (SPA 1) includes a number of far-flung small towns surrounded by high desert. The population of 305,400, which includes over 93,000 children under the age of 18, has the highest proportion of white youth (53%) and the lowest poverty rates in the county. Isolation and limited public transportation present major difficulties, however, with many parents commuting more than two hours a day and often leaving their children home alone for many hours at a time. Drug and alcohol offenses account for 42% of crimes reported at schools, almost twice the rate reported in other SPAs. Although SPA 1 accounts for only 3% of the county's total population, it accounted for 17% of the children DCFS placed in out of home care in 1999.

\* The San Fernando Valley (SPA 2) has a population of 1.9 million residents (about the size of Nevada or New Mexico, SPA 2 is larger than 14 other states). The majority of its 455,000 children and youth are Latino (53%), while 3% are African-American, 10% are Asian Pacific Islander, 1% are American Indian and 33 % are White. In 1999, SPA 2 accounted for 13% of the county's repeat births to teens, 16% of violent crime incidents, 18% of youth felony arrests and 8% of children in out of home care.

\* The San Gabriel Valley (SPA 3) is home to 1.7 million people (about the population of Nebraska) including 492,090 children and youth. Twenty-three percent of youth live in families with incomes below the poverty level. In 1999, SPA 3 accounted for 15% of repeat births to teens and 15% of children in out of home care.

\* The Metro area (SPA 4) includes a population of 1.1 million people including 344,090 children and youth. SPA 4 includes the area in and around the downtown of the City of Los Angeles, and is home to large numbers of immigrant families. In fact, 77% of the children in this area are Latino, 4% are African-American, 13% are Asian Pacific Islander and only 7% are White. In 1999, forty-one percent lived in poverty, only 73% of children had health insurance, and it accounted for 11% of children in out of home care.

\* The West area (SPA 5) has a population of just under a million (955,054) and includes most of the wealthiest parts of the county. Forty-one% of the 97,386 children in SPA 5 are White, while 35% are Latino, 14% are Asian Pacific Islander, 1% are American Indian and 9% are African American. It accounted for only about one percent of children in out of home care in 1999.

\* The South area (SPA 6) also has just under a million residents (955,054) but almost one-third (356,535) are children and the economic challenges for families are overwhelming. Forty-six percent of children live under the poverty level, 53% live under 133% of poverty level and 83% live in families with incomes under 200% of poverty (or about \$34,000 annually for a family of four). Sixty-nine percent of children are Latino, 28% are African-American, 1% are

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Asian Pacific Islander and 1% are White. In 1999, SPA 6 accounted for 22% of children placed in out of home care by DCFS.

\* The East area (SPA 7) has a population of almost 1.3 million. Seventy-seven percent of its 416,314 children are Latino, while 14% are White, 7% are Asian Pacific Islander, 1% are American Indian and 2% are African American. It accounted for 9% of children in out of home care in 1999.

\* Last but not least, the South Bay/Harbor area (SPA 8), with a total population of 1.5 million, includes both a string of smaller beach communities along the ocean as well as Long Beach, the Harbor and less privileged areas inland. SPA 8 is one of the more racially and culturally balanced areas in the county -- forty-seven percent of its 392,230 children are Latino, 21 % are White, 17% are Asian Pacific Islander 15% are African-American and 1% are American Indian. SPA 8 accounted for 13% of children in out of home care in 1999.

To be effective, the child welfare system must be able to meet the multiple needs of children and families in these different communities through the responsible use of the full spectrum of available government services and community supports. This waiver demonstration will take full advantage of public and private supports for children and families through improved performance in local community partnership processes, in quality services delivery, and in new accountability structures.

### **Conclusion**

At its beginnings, federal, state and local child welfare jurisdictions dealt with relatively small numbers of serious, but limited, problems; it developed a specific program of protection for abused and neglected children through the use of temporary foster care. Child welfare is no longer a single-focus program, however; it has evolved into a complex system which:

- is very sensitive to external factors that create demand
- responds to the needs of multiple stakeholders
- is heavily regulated and, therefore administratively oriented
- and, as its core business, manages complex legal and human interactions

It is clear that a shift from 'program thinking' to 'systems thinking' has the potential to dramatically improve performance. In a systems approach, we propose to develop services that meet the individual needs of children and families, protect children from harm, and reduce reliance on out of home care. The Title IV-E waiver will allow the State of California and Los Angeles County the financial flexibility to make strategic investments in the structural and programmatic reforms that are desperately needed to better serve children and families in our proposed cost neutral agreement.

In Los Angeles, these efforts will build on the significant systems improvement efforts already underway among county government departments and their community partners. These allied efforts include (among others): 1) implementation of the county's strategic plan including a formal performance measurement system to be included in the county's 2004-05 budget; 2) integrated services and coordinated community partnerships overseen by the New Directions Task Force (including directors of county departments serving children and families and representatives of key community groups) and the Chief Administrative Officer's Service Integration Branch; 3) a regional planning infrastructure established by the Children's Planning Council including eight Service Planning Areas Councils and the American Indian Council; and 4) community-based efforts to prevent child abuse and neglect through Partnerships For Families sponsored by First 5 LA.

# CALIFORNIA TITLE IV-E DEMONSTRATION WAIVER PROJECT

## JANUARY 2004

### **III. IMPLEMENTATION - PROPOSED PROGRAMMATIC AND SYSTEM CHANGES**

#### **A. Issues to Be Addressed**

The core issues – as identified by the State, the participating counties, and the CFSR – that the waiver demonstration will address are to:

- Increase child safety;
- Improve permanency outcomes and timeliness;
- Improve child and family well-being; and
- Improve the array of services and engagement of families with a more individualized approach to serving children and families.

In order to address these issues, the Department proposes to reform our system across the service spectrum, including the areas of early intervention, crisis intervention, intensive services and permanency services. These categories are consistent with the decision-making models of child welfare and the county budget structures.

#### **B. Examples of Proposed Interventions**

Examples of service changes anticipated to be made as part of this system reform include:

##### **Early Intervention:**

- Improved screening of incoming telephone calls to the Department's Child Protection Hotline to ensure that families where no child abuse or neglect allegation is made but are in need of community services are efficiently linked to them.
- Development of an Alternative Response system to allow children and families who require services best met by community agency response rather than a child protective services emergency response investigation to receive them.
- Development of community partnerships to ensure those community members are aware of and willing to partner with the Department on improved, expanded, community based services for children and families.
- Expansion and full utilization of community based in-home services designed to improve family functioning and provide prevention-focused activities.
- Utilization of team decision making and family conferencing models to engage families in developing healthy strategies to prevent future involvement with our Department.
- Utilization of incentives to current contract service providers to facilitate redirection of a portion of their current child welfare funding into early intervention services.

##### **Crisis Intervention:**

- Development of an expedited response system to ensure that emergency response investigations are initiated in a timely manner, sensitive to the children and families who are in crisis.
- Reassessment and reconfiguration of the Department's emergency response investigation protocols, policies, procedures and practices to ensure accurate, consistent and high quality investigations throughout the county.
- Utilization of structured decision making safety and risk assessment criteria to improve the accuracy and consistency of initial assessment decisions by staff.
- Development and implementation of a comprehensive Multi-Disciplinary Assessment Team process for children entering foster care to provide assessment of medical, dental, educational and developmental needs, build on family strengths, engage the family in the

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process of identifying the most appropriate placement needs and caregiver capabilities and offer child-specific treatment options with follow-up to ensure assure participation in identified services.

- Increased use of voluntary services so that children can remain safely in their own homes, engaging families to develop safety plans and have ready access to crisis services, including emergency financial assistance and crisis child care.
- Use of family group decision-making conferences to empower families, including relatives and extended family members, to develop individualized case plan objectives and supports.
- Reevaluate the need for court jurisdiction and how we work with the court to ensure that the Department and Court's efforts are directed toward the appropriate placement of children, and the exploration of alternatives to protective custody.
- Expanded use of team decision making conferences at the time of initial placement, to review the need for placement, the needs of the child and family, and locating the "best" placement for children to improve stability and likelihood of support for reunification by the caregivers.

### **Intensive Services:**

- Use of a multi-disciplinary assessment process, along with structured decision making, team decision making and family conference models to determine the most appropriate case plan and to engage families and children in services as early as possible.
- Increase the capacity of in-home service providers to serve greater number of children and families as well as families with greater needs in order to maintain children in their homes.
- Recruitment of quality out-of-home caregivers that understand the need to serve as resource families for children and parents and promote fostering entire family units rather than focusing on only providing care for children placed in their homes.
- Implementation of resource family home studies that ensure that foster families and relatives meet the same standards as adoptive families, so that if and when we need to move toward permanency, the homes have already met the necessary standards.
- Development and enhancement of the placement matching process to ensure that children are placed with caregivers that can address their needs and have the willingness and capacity to provide high quality care and supervision.
- Enhanced training of staff and caregivers so that they understand these new roles and responsibilities, as well as the need to ensure that children are provided high quality care.
- Development and implementation of standardized risk assessment protocols to be used when abuse or neglect is alleged to have occurred in placement settings.
- Development of performance-based contracts for foster family agency and group homes.
- Improved monitoring of contracted providers to ensure that performance outcomes are achieved.
- Expansion and development of therapeutic foster family care homes to utilize as an alternative to group home and institutional placement.
- Appropriate utilization of Wrap-Around Services to ensure that children with high-end service needs are provided appropriate services and family supports as well as expansion of Wrap-Around type services to serve a wider population of children to build supports and expedite reunification.
- Development of a Residential College Preparatory Academy for adolescents to provide instruction in life-skills, individualized educational opportunities, and enriched services for improved emancipation outcomes.
- Improved monitoring and tracking of housing, education and employment status of youth preparing to emancipate from the foster care system.
- Comprehensive screening and consultation with medical providers regarding children's health and dental needs and services.
- Improved access to health and mental health services for children and families.

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- Engagement with the county welfare departments to ensure those families eligible for services through TANF for substance abuse; mental health issues and domestic violence receive these services.
- Development of after-care services strategies for families once children are reunified and the Department plans to discontinue our involvement with families, engaging the community to provide a safety-net to ensure that families are not re-reported to us.
- Utilization of incentives to current contract service providers to facilitate redirection of a portion of their current child welfare funding into after-care services.

### **Permanency Services:**

- Expanded use of team decision making and family conferencing to ensure that concurrent planning activities begin at the earliest point in the case, and that families understand the need for permanency planning for children at “day one” of the Department’s involvement with them.
- Inclusion of adoption social workers early in the case planning process to ensure that permanency options and needs are considered from the time a child enters foster care.
- Improved search and identification of absent parents, relatives and non-related extended family members who can provide for permanent and safe homes for children.
- Training, monitoring and support for social workers to work with families to consider the compassionate surrender of children after removal from the home.
- Reduction in the length of time used to prepare adoption home studies through the use of a consolidated approach during the foster home study and relative home approval process.
- Improved placement matching, taking in to consideration permanency needs for children as part of the placement decision making process.
- Re-evaluation of the termination of parental rights process to determine efficiencies and opportunities to streamline and modify the workflow.
- Improved monitoring of termination of parental rights activities to ensure that all required tasks are completed in a timely fashion.
- Standardized review of all children at the time when reunification services are terminated, using structured decision making tools, to ensure that adoption and/or legal guardianship is identified as the preferred permanent plan for all children.
- Expanded partnership with private adoption agencies to assist in the recruitment of adoptive, completion of the home study process, preparing children for adoptive placement, and post adoption services.
- Improved training and support for relatives in improving their understanding of permanency for children, including adoption and legal guardianship.
- Development and expansion of post-adoptive and guardianship services to reduce the likelihood of disruptions of these permanent living arrangements.

These examples of program services are not meant to be exhaustive nor is it the Department’s intent to limit ourselves to using only these strategies. The focus will be on providing individualized services and strategies that are strength based, family centered, child-focused and community based. All service strategies will be designed to focus on outcome results, including reducing our reliance on out-of-home care; reducing the timelines to permanency and improving the safety of children in both their own homes and while in foster care.

### **Expanded Partnerships:**

The Department will work to build strong community partnerships, both with advocates and existing county commissions concerned with children and families -- such as the Commission on Children and Families, the First 5 LA Commission, and The Children’s Planning Council – and with a broad range of other community-based groups, associations and service providers. These would include foundations, law enforcement, community-based organizations and service



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providers, church groups, and neighborhood associations. Utilizing Family to Family principles, community organizations will be engaged to ensure that service planning and development is sensitive to the needs of local communities, as well as reaching out and serving those communities. Further, the Department will work with the community to ensure that community voices are part of decision-making for children and families from the case specific to programmatic and systems development levels. The Department will engage community-based service providers with established records of quality service provision to work with the Department in providing frontline prevention and early intervention services to children and families.

Additionally, the Department recognizes that to develop and implement many of these programs and systemic changes, it will be necessary to engage other county agencies in partnerships to blend preventive and intervention programs. In Los Angeles County, other County agencies that will need to be included in the planning and implementation process will include:

- Department of Public Social Services
- Department of Mental Health
- Department of Health Services
- Los Angeles Sheriff Department
- Community Development Commission
- Community and Senior Services
- Chief Administrative Office – Services Integration Branch

### **C. Goals and Expected Outcomes**

The result of the demonstration over a five-year period will be the following improved outcomes for the children and families:

- 7) 15% reduction of entries into out of home care
- 8) 10% of the child caseload (excluding high end settings) adopted
- 9) decrease of the average length of stay for the 25<sup>th</sup> percentile from 14 months to 10 months through expedited reunification
- 10) 20% reduction in youth exiting through emancipation
- 11) 10% reduction in RCL 12, 14, and CTF's (group homes and institutions)
- 12) Reduction in founded abuse and neglect reports in foster care (traditional, specialized and kin) to level of national standard.

The reductions in child welfare caseloads due to outcomes 1, 2, and 3 will produce savings for re-investments in management structures, staffing, and programs and services. Additionally, Outcomes 1,3, and 5 will be promoted through the use of incentives to current contract service providers to redirect a portion of their current funding into both preventive and after-care services.

### **D. Service Provision Changes**

The planning, management, and administration of services will be guided by principles of system reform rather than day to day program administration. As we noted in Section II, Current System Performance, poor performance in child welfare is primarily attributed to systemic issues. In order to solve these problems, the tools and focus of systems management are required. In addition to bringing specific approaches and tools to improve the performance of the system as a whole, the performance framework is grounded in recognition that complex organizations behave as systems – even when they are managed as a set of parallel programs.

In a systems approach, we look at key functions – the decisions in child protection, early intervention, substitute care and adoption, and family services – differently.

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PERFORMANCE FRAMEWORK		CHILD WELFARE INVESTMENTS
Structure/organization	=	Management structures
Processes	=	Delivery of Service/Support Programs
Job functions	=	Structured tasks

In a systems reform effort, the guiding principles are different than those traditionally associated with bureaucratic functioning. For example:

- Client and process needs dominate decision-making.
- People in each function have extensive interactions with those in other functions.
- People understand the 'big picture' and the work of other functions with which they need to collaborate.
- People understand the inputs and outputs that link their function to other functions.
- Interactions among functions tend to focus on 'win-win' problem solving and decision making.
- People in different functions see themselves as collaborative partners
- Performance measures focus on the contribution each function makes to the client and to the system as a whole.
- People in one function can only look good through their contributions to the entire organization.
- Results and processes are measured and analyzed.
- Systems are continually analyzed and improved.
- Information of mutual interest is routinely shared across functions.
- Managers encourage employees to resolve issues with peers in other functions.
- Cross-functional teams at all levels are convened frequently to address critical system issues.
- Employees are rewarded for their organizational contributions.

By examining the key decision-points in the life of a case: -- case opening, placement, reunification, permanency, and closure; -- we can design appropriate organizational structures, sub-processes or protocols, and job refinements. The learning which shaped flexible funding strategies has been developed over the past fifty years resulting from the best thinking in the areas of: strategic management, applied systems theory, social and organizational psychology, and process design.

We will examine the key decision points in a case using a nine-dimensional analytic framework that links analysis of the functionality in: structure/organization, processes, and jobs.

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The Nine Performance Variables with Questions --Performance Needs

	GOALS	DESIGN	MANAGEMENT
ORGANIZATION LEVEL	<p>ORGANIZATION GOALS</p> <ul style="list-style-type: none"> <li>Has the organization's strategy/direction been articulated and communicated?</li> <li>Does this strategy make sense, in terms of the external threats and opportunities and the internal strengths and weaknesses?</li> <li>Given this strategy, have the required outputs of the organization and the level of performance expected from each output been</li> </ul>	<p>ORGANIZATION DESIGN</p> <ul style="list-style-type: none"> <li>Are all relevant functions in place?</li> <li>Are all functions necessary?</li> <li>Is the current flow of inputs between functions appropriate?</li> <li>Does the formal organization structure support the strategy and enhance the efficiency of the system?</li> </ul>	<p>ORGANIZATION MANAGEMENT</p> <ul style="list-style-type: none"> <li>Have appropriate function goals been set?</li> <li>Is relevant performance measured?</li> <li>Are resources appropriately allocated?</li> <li>Are the interfaces between functions being managed?</li> </ul>
PROCESS LEVEL	<p>PROCESS GOALS</p> <ul style="list-style-type: none"> <li>Are goals for key processes linked to customer/organization requirements?</li> </ul>	<p>PROCESS DESIGN</p> <ul style="list-style-type: none"> <li>Is this the most efficient/effective process for accomplishing the Process Goals?</li> </ul>	<p>PROCESS MANAGEMENT</p> <ul style="list-style-type: none"> <li>Have appropriate process subgoals been set?</li> <li>Is process performance managed?</li> <li>Are sufficient resources allocated to each process?</li> <li>Are the interfaces between process steps being managed?</li> </ul>

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GOALS		DESIGN	MANAGEMENT
JOB/PERFORMER LEVEL	JOB GOALS	JOB DESIGN	JOB MANAGEMENT
	<ul style="list-style-type: none"> <li>Are job outputs and standards linked to process requirements (which in turn are linked to customer and organization requirements)?</li> </ul>	<ul style="list-style-type: none"> <li>Are process requirements reflected in the appropriate jobs?</li> <li>Are job steps in a logical sequence?</li> <li>Have supportive policies and procedures been developed?</li> <li>Is the job environment ergonomically sound?</li> </ul>	<ul style="list-style-type: none"> <li>Do the performers understand the Job Goals (outputs they are expected to produce and standards they are expected to meet)?</li> <li>Do the performers have sufficient resources, clear signals and priorities, and a logical Job Design?</li> <li>Are the performers rewarded for achieving the Job Goals?</li> <li>Do the performers know if they are meeting the Job Goals?</li> <li>Do the performers have the necessary knowledge/skill to achieve the Job Goals?</li> <li>If the performers were in an environment in which the five questions listed above were answered "yes", would they have the physical, mental, and emotional capacity to achieve the Job Goals?</li> </ul>

From: *Improving Performance*. Geary A. Rummler and Alan P. Brache, Jossey-Bass Publishers. 1995

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## E. Linkages to CSFR Findings and PIP

In each section below, we state the Goal, the related Title IV-E requirement, the related CFSR outcomes, and PIP measures (where they exist).

### **Goal 1: 15% reduction of entries into out of home care**

**Title IV-E Requirement:** Family Preservation

**Safety Outcome 1: Children** and first and foremost protected from abuse and neglect.

**Safety Outcome 2: Children** are safely maintained in their homes whenever possible and appropriate.

**Permanency Outcome 2: The** continuity of family relationships and connections is preserved for children.

**Well-Being Outcome 1:** Families have enhanced capacity to provide for their children's needs.

**PIP measure:** Recurrence of maltreatment

**Proposed Structural Modifications:**

Information/referral protocols for the hotline

Structured decision-making in investigations

Reduced investigative caseloads

Staff and provider training and technical assistance

### **Goal 2: 10% of caseloads adopted (excluding high-end settings)**

**Title IV-E Requirement:** Permanency

**Permanency Outcome 1: Children** have permanency and stability in their living situations.

**PIP measures:** Length of time to achieve adoption and Stability of foster care placement

**Proposed Structural Modifications:**

Performance Based Contracting, including incentives for permanency, stability, and foster home development

Establish benchmarks and clinical management system for specialized care

Work with the court to expedite adoption hearings

Concurrent planning

Staff and provider training and technical assistance

### **Goal 3: Decrease average Length of Stay for 25<sup>th</sup> percentile from 14 months to 10 months through expedited reunification**

**Title IV-E Requirement:** Permanency

**Permanency Outcome 1: Children** have permanency and stability in their living situations.

**Permanency Outcome 2: The** continuity of family relationships and connections is preserved for children.

**Well-Being Outcome 1:** Families have enhanced capacity to provide for their children's needs.

**PIP measures:** Length of time to achieve reunification and Foster care re-entries

**Proposed Structural Modifications:**

Protocol for screening/early identification of cases for reunification

Case planning protocol for early (90-day) reunification that includes aftercare provisions

Staff and provider training and technical assistance

### **Goal 4: 20% reduction in youth exiting through emancipation**

**Title IV-E Requirement:** Permanency

**Permanency Outcome 2: The** continuity of family relationships and connections is preserved for children.

**Well-Being Goal 2:** Children receive appropriate services to meet their educational needs.

**PIP measure:** none

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### **Proposed Structural Modifications:**

Profile youth in group homes and institutions, and other youth age 14+

Form school partnerships for education, special education, and vocational education

Step down youth from group homes and institutions that have access to a family placement

Staff and provider training and technical assistance

### **Goal 5: 10% reduction in RCL 12, 14, and CTF's (group homes and institutions)**

**Title IV-E Requirement:** *Least Restrictive Placement*

**Permanency Outcome 2:** The continuity of family relationships and connections is preserved for children.

**Well-Being Outcome 1:** Families have enhanced capacity to provide for their children's needs.

**Well-Being Outcome 3:** Children receive adequate services to meet their physical and mental health needs.

**PIP measures:** NONE

### **Proposed Structural Modifications:**

Quality review of group homes and institutions

Wraparound service for deflection and discharge planning

Staff and provider training and technical assistance

### **Goal 6: Reduce founded abuse and neglect reports in foster care (traditional, specialized, and kin) to level of national standard**

**Title IV-E Requirement:** [to be provided]

**Safety Outcome 1: Children** and first and foremost protected from abuse and neglect.

**PIP measure: Incidence** of child abuse and/or neglect in foster care

### **Proposed Structural Modifications:**

Performance Contracting

Staff and provider training and technical assistance

Decreased caseload

Increased time spent with each child, family and caregiver.

## **IV. EVALUATION**

### **A. Hypothesis**

The hypothesis tested by this waiver application is: The implementation of flexible funding strategies in large, urban child welfare systems can improve child outcomes within defined spending limits.

Section III described planned improvements in: a) organization/structure and management practices; b) decision making processes; and c) jobs that will produce good safety and permanence outcomes for children and families. As a result of reduced case inflow and increased case outflow, there will be savings for re-investment in three areas: program and service delivery, staffing patterns, and management infrastructure.

### **B. Evaluation Design**

#### **Components**

The evaluation of the waiver will be conducted by independent contractor(s) and consist of three components.

- 1) Hypothesis testing: The State's Demonstration evaluation will consist of hypothesis testing of the impact of flexible funding strategies on child and family outcomes within current spending limits. The hypothesis testing will be based on measurement of performance and outcomes

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in the context of a defined budget over time. It serves two purposes: 1) to provide clear evidence of cost neutrality; 2) to provide continuous feedback to assure that structures, processes and social work job tasks are monitored and fine-tuned to protect the safety, permanence and well-being of children and families.

This is a high-level evaluation of system performance on the six identified outcomes. The data for this evaluation are already collected by the counties and the State and reside largely in a repository at the University of California at Berkeley. These data – combined with the cost data – will be used to test the hypothesis.

These data will be shared with community partners and stakeholders through the AB 636 California Child Welfare Services Outcome and Accountability County Outcomes Quarterly Report and, in Los Angeles County, the Performance Counts! Reporting system.

- 2) Process evaluation: In addition, the State will conduct process studies describing systematic implementation of flexible funding strategies on corresponding to key outcomes in each participating county. The process evaluations will describe progress in implementation, barriers, and solutions in each of six key outcome areas. They will provide information helpful to the counties, the State and the federal government on how to implement flexible funding strategies both during and after the waiver period.

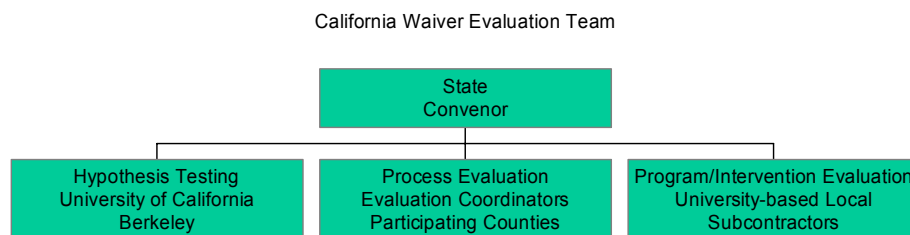
The basis for the process is the local work of the participating counties. Each county will have filed with the State an annual waiver implementation plan. The counties – through designated staff, in partnership with external evaluators and community partners as needed– will make quarterly progress reports to the state. These reports will also be distributed locally to key stakeholders.

- 3) Program evaluation: Evaluation of specific programs and decision-making protocols will be conducted in participating counties upon agreement by the State and the County. Evaluation of specific programs is intended to provide information to the counties, the State, the federal government and the field describing the most effective and cost efficient program strategies.

Each participating county will sequence the implementation of new of interventions (decision points) and services as part of their annual plan. Since the primary hypothesis is that local flexibility will improve outcomes, the State will not limit or define services or interventions on a county by county basis. Therefore, we recommend that each county implement a selection process for qualified, university-based evaluators for local programs.

### **Organization of the Evaluation Team**

The State will convene the Evaluation Team on a quarterly basis – one month prior to the due date of the quarterly reports to the U.S. Department Health and Human Services – to review and comment on the reported findings and recommendations of each evaluation component. (See chart below.) The State will pay for each component of the evaluations through direct contracts or direct reimbursement to the participating counties.



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The State will contract with the University of California at Berkeley to collect, analyze and present outcome data on overall system performance statewide and in each of the participating counties . (specifying that data on all counties will be included insures some available comparison data)

The participating counties will each assign an Evaluation Coordinator who will participate in all team meetings and who will prepare and presents the findings of the local process evaluation.

The participating counties will prepare a Request for Proposals for local, university based program/intervention evaluations. The request for proposals will be reviewed by the State and may be issued by either the State or the county. The State may contract directly with the evaluator or may elect to allow the county to subcontract. In either case, the evaluator will report to the entire evaluation team.

### **C. Methodology**

#### **Hypothesis Testing**

Six specific sets of performance and child and family outcomes, will improve as the result of implementing flexible funding strategies. Each of these outcomes is related to federally established safety, permanence, and well-being outcomes. **Improvements in these outcomes within current spending limits will be considered *de facto* proof of the waiver hypothesis and the overall cost neutrality of the strategies.**

Performance Measurement: 15% reduction of entries into out of home care  <i>Indicator: Entries substitute care per 100,000</i>  Child and Family Outcome Indicator: Recurrence of maltreatment
Performance Measurement: 10% of caseloads adopted (not high end settings)  Indicator: Number of adoptions/annual caseload  Child and Family Outcome Indicators: Length of time to achieve adoption and Stability of foster care placement
Performance Measurement: decrease average LOS for 25 <sup>th</sup> percentile from 14 months to 10 months through expedited reunification  Indicator: Of the total number of annual reunifications achieved, percent of those that were achieved within 12 months of initial detention  Child and Family Outcome Indicator: Length of time to achieve reunification and Foster care re-entries
Performance Measurement: 20% reduction in youth exiting through emancipation  Indicator: Number of emancipations/annual caseload  Child and Family Outcome Indicator: (No PIP measure) Increased adoption of older foster children
Performance Measurement: 10% reduction in RCL 12, 14, and CTF's bed days (group homes and institutions)  Indicator: Days of paid placements in RCL 12, 14, and CTF's  Child and Family Outcome Indicator: (no PIP measure) Stability of foster care placement



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Performance Measurement: Reduce founded abuse and neglect reports in foster care (traditional, specialized, and kin) to level of national standard

Indicator: Number of founded A/N reports/total annual number of children served in out of home care

Child and Family Outcome Measurement: Incidence of child abuse and/or neglect in foster care

We seek agreement to use a time series measurement for hypothesis testing of each of the six outcomes. We are open to the development of an alternative evaluation methodology that is not based upon random assignment within a county for hypothesis testing no later than 60 days prior to implementation. Based on that agreement, the State will submit a final evaluation plan to the Department for approval no later than 30 days prior to implementation. The agreed hypothesis testing plan will present the research questions to be studied, the major variables to be measured, the sources of data for these variables, the data collection procedures, and the major data analyses to be performed.

Most of the data needed for hypothesis testing is available in the State-administered database managed by the University of California at Berkeley. Improvements will be measured for *each* indicator in three ways:

- a) baseline rate of *performance* compared to current rate of achievement on a quarterly basis, i.e., the strategy is performing as expected
- b) baseline rates of *performance* compared to current rate of achievement aligned with national rates.
- c) Child and family *outcomes*, i.e., as more children are deflected from the system, safety is maintained or improved, or accelerated reunification does not result in re-entries into foster care.

The child and family *outcomes* have been selected from PIP measures where possible. In two areas, which significantly affect older wards, there are no PIP measures. These are:

1) Reductions in high-end placements which directly relate to the Title IV-E requirement of placement in the least restrictive setting and 2) reductions in emancipation which relate to the statewide goal for improved permanency for children, supporting children and youth in their families where possible.

Key data elements will be collected by all participating counties, to the extent possible, for the duration of the demonstration. These data will be stored in an automated data system for the duration of the demonstration. The data will be adjusted for known child and family movement out of the State of California.

### Process Studies

The evaluation will include quarterly and final process study reports that will describe how each of the six-outcome areas was addressed. The initial planned activities are described in Section III Implementation in the logic models for Crisis Intervention, Early Intervention, Permanency, and Intensive Services. The process studies will examine issues of implementation and operations. This work will be conducted by the participating counties and will be descriptive in nature. They will include:

- Organizational aspects, such as planning and design processes; management and staffing structures; funding committed; performance by public and private field staff; and methods of project implementation at various organizational levels including ongoing monitoring, oversight and problem resolution.

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- Service aspects, such as service goals, target population, job functions; type and duration of services provided; and timeliness and scheduling in provision of project components and services.
- Contextual factors, such as social, economic, and political forces that may have a bearing on the replicability of the intervention or influence implementation or effectiveness of the demonstration.

Process studies for each component will be anchored by performance in child and family outcome areas and will be driven by the logic models for that component. In addition, the process studies may address additional research questions as implementation evolves.

Additional elements of the process studies may include an examination of the external, community environments, which effect success. We are particularly interested in exploring the impacts of effective cooperation among counties, communities and individuals to construct and implement a service delivery strategy that best serve the needs of families and communities.

### **Evaluation of Key Programs**

By program we mean: an organized, specific and well-defined set of services and supports delivered in a single method. These include activities that can be tested for model fidelity. Examples of programs include: Wraparound Services, Multi-Systemic Therapy, the Child Endangerment Risk Assessment Protocol, or Structured Decision-Making.

Many programs or models have the same goals and eligibility requirements and they produce good outcomes. However, requirements for implementation vary in the domains of: job functions, training requirements, staffing and supervision patterns, client satisfaction and costs. This set of studies will address those issues.

The State and participating counties – through the Evaluation Team -- will jointly approve which local programs should be evaluated individually. The State will, where possible, conduct comparative program and cost analyses. We expect that these evaluations will contribute to understanding of how and under what circumstances community placement and services are the best way to serve children and families, which target populations benefit most from such community-based services and how to improve social work practice in the context of community-based alternatives.

It is in this component that the State will address the cost efficiency of the various models, seeking to determine whether the costs of the programs are justified by the benefits produced. Comparisons will be made from the viewpoint of the program participants and the various levels of government. Analyses will involve quantifying program outcomes and projecting both costs and benefits into the future. Costs for all pertinent programs will be included, whether or not they are subject to the cost neutrality requirements. Data for the cost benefit analysis will be from administrative and case records as well as other sources to be determined by the State and counties.

The cost-benefit analysis shall take into account all relevant federal, State and county foster care funding sources, as well as funding for other Federal programs which this demonstration might reasonably be expected to affect. These include IV-A, IV-B, IV-E and XIX of the Social Security Act, and may include other Federal mental health or substance abuse funds, USDA Food Stamps, and funds available under the Child Abuse Prevention and Treatment Act.

The State has developed logic models for each of the program and service delivery strategies embedded in the design. These logic models will drive the creation of additional research questions and outcome measures for inclusion in the evaluation and will be provided to the Evaluation Team for inclusion in the Request for Proposals for Program Evaluation.

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### **D. Contracting for the Evaluations**

The State envisions that a research consortium under the direction of the State's Evaluation Unit and the participating counties will conduct the evaluations. Prior to the implementation date, the State will submit to the Department, for approval, a draft of the specifications for the contract or agreement to conduct evaluations of each component of the demonstration.

- For *Hypothesis Testing*, the State will contract with the University of California at Berkeley
- For *Process Studies*, the State will contract with the participating counties to describe and analyze implementation and operations. Counties will assign a lead staff person who may also work with contracted evaluators and/or community-based partners.
- For *Program Evaluations*, The participating counties will prepare a Request for Proposals for local, university based program/intervention evaluations. The request for proposals will be reviewed by the State and may be issued by either the State or the county. The State may contract directly with the evaluator and may elect to allow the county to subcontract. In either case, the evaluator will report to the entire evaluation team.

The draft specifications will specify the objectives of the project, the evaluation design, the specific tasks to be conducted, and the time frames for conducting those tasks, including schedules and lists of deliverables. They will also include the research questions to be studied, the major variables to be measured, the data collection methodology, and the major data analyses to be performed.

The selected contractor(s) will:

- Be an entity or consortium independent of the State government administering the demonstration project qualified and experienced in evaluating social programs of the design, scale, and duration of that proposed by the State. The ideal evaluator or consortium would include team members based in each of the participating counties.
- Be required to address any potential problems inherent in the evaluation design related to analyzing the impact of the program interventions under this demonstration and the methodology it will employ to minimize such problems. This must include methods of analysis, which adjust for, or minimize, the potential influence of any factors, which might bias conclusions concerning project impacts.
- Be required to cooperate with any national evaluation contractor or grantee authorized by the Department to provide technical assistance with respect to child welfare waiver evaluation or implementation, or to secure and disseminate information with respect to child welfare waiver demonstration projects. Such cooperation may involve providing reports, copies of material, or data; and responding to inquiries. In addition, the State and its evaluator will participate in one meeting each year of Child Welfare Demonstration States in Washington, D.C.

Representatives of the State's Evaluation Unit or the project evaluators must meet with Department staff no later than 60 days prior to project implementation to finalize the evaluation design and reporting schedule and make changes, as necessary.

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### **E. Evaluation Costs**

The costs of approved evaluation activities, including the development of the proposal as well as the costs of the evaluation itself, will be charged to title IV-E administrative costs without cost allocation so that the State may claim a full fifty percent of these costs as Title IV-E administrative costs. These costs are excluded from cost neutrality requirements. Evaluation costs will include all costs necessary to carry out the approved evaluation plan, including costs for evaluation activities carried out by State and local agencies as well as those carried out by the evaluation contractor.

### **F. Reporting**

The State will agree to the same terms and conditions of reporting as recorded in the current waiver. These are:

- In general, the Department will require an annual evaluation update; an Interim Evaluation Report to be submitted within nine quarters after project start-up; and a Final Evaluation Report to be submitted six months after the project ends.
- The Department must approve additional program that would substantially affect the evaluation of the demonstration.
- Prior to the conclusion of the 9th quarter after the implementation date, the evaluation contractor will submit to the State an interim evaluation report, covering the first 8 quarters of the demonstration and produce and make available interim public-use data tapes, including documentation, containing data collected during the first 8 quarters of the demonstration.
- Prior to the conclusion of the 10th quarter, the State will submit the interim evaluation report and related critical commentary to the Department.
- Additional reports may be proposed by the State and, subject to approval by the Department, may be considered allowable components of the evaluation of the demonstration.
- A final evaluation report will be due six months after termination of the demonstration. The State will also have the evaluation contractor produce and make available final public-use data tapes, including documentation, containing data collected during the full 20 quarters of the demonstration.

### **G. Authority for Dissemination**

Public release of any evaluation or monitoring reports funded under this agreement will only be made by the Department, either directly or through its agent(s), by the State, or by the evaluation contractor. Prior to public release of such reports, the Department and the State will have at least a 30-day period for review, comment, and approval on the request.

### **V. COSTS AND BUDGET NEUTRALITY**

California proposes to have a capped allocation for a portion of the IV-E expenditures for counties participating in the waiver (see below for costs excluded). The annual allocation amount would be based upon an agreed upon baseline and a projected baseline growth for each year of the waiver. California would not include the following costs in its project proposal and does not consider them to be subject to a cost neutrality test:

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- Training
- Adoption Administration Payment
- Adoption Assistance Payments
- Non- recurring Adoption Cost Reimbursements
- SACWIS
- Foster Care Administrative and Maintenance Payments made for California Probation Department youth
- Foster Care Administrative and Maintenance payments for Counties Not Included in the Proposed Project

Approval of this proposal will not alter the basis and methodology used in claiming and paying FFP for the above listed costs and the waiver requested in this proposal would not be applicable to the above listed costs.

California proposes that participating counties would receive pre-determined capped annual Title IV-E allotments over the five-year project period, which is similar, in concept, to how IV-E funds would be allotted to participating states under the President's proposed foster care flexible funding option. It is proposed that the baseline for the annual allotments be based on average IV-E expenditures. It is proposed that the annual growth rate for IV-E allotments be based on historic IV-E expenditures over an extended period of time.

Using IV-E expenditures over the most recent nine-year period for which data is readily available, the projected annual baseline growth rate would approximate 4.2%, which is the annual growth rate that American Public Human Services Association staff advised states could be used to assess the potential impact of the President's flexible foster care funding option based on discussions with HHS/ACF officials. California's estimated IV-E waiver funding for Los Angeles County would total approximately \$1.9 billion over the project life of five years. California believes that the proposed waiver would be cost neutral to the Federal government because the State's capped annual IV-E allotments during the project period would equal the amount of funds that the State would have received in absence of the waiver, as estimated using historic IV-E expenditure data.

California proposes that the FFP payments which are subject to this waiver request be made to the state in a monthly allocation amount that is equal to 1/12 of the annual capped allocation except when more than 1/12 of the annual allocation is required for start-up activities. FFP payments that are not subject to the budget neutrality restrictions of the state's proposal would continue to be paid to the state in the current manner and would be subject to existing reporting and claiming requirements. Payments that are subject to the capped allocation would be fully payable and owed to the state on the first day of each month and would be considered earned as of that day. Any unexpended funds from one fiscal year would be allowed to be carried over to the next fiscal year.

The effect of the payment arrangement is that, in exchange for the flexibility granted by this waiver request, California agrees to accept the risk for managing costs required over and above the federal allocation in order to maintain the statutory child protections, including those outlines in the Adoption and Safe Families Act, agree to provide required matching funds, continue to participate in the Child and Family Services Reviews and maintain a separate adoption assistance program. In exchange for granting this waiver request, HHS/ACF gains increased budget predictability and an opportunity to test a flexible grant model in a large urban child welfare system.

California proposes that it be allowed to expend the allocation payments in any manner that promotes the efficient utilization of such funds and the project strategies and outcomes. This will include the use of allocation payments for costs that are not within the current definition of foster care maintenance or administrative payments.

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To facilitate start up, California proposes that it be allowed to accelerate its allocation amount in two of the first three years of the waiver by an amount not to exceed 5% of the total annual allocation each year, and that such accelerated payments will be recovered by offsetting adjustments made to allocation amounts paid during each subsequent year.

For activities undertaken prior to the implementation date, the federal government will match the administrative costs related to the development of the proposed project at the applicable matching rate up to the date the project is implemented. Such costs may include: staff or contractor time, automated systems development and changes, policy or procedure development, and staff training. No later than 30 days after the state formally accepts the terms and conditions, the state will submit a plan, for approval by HHS, designating which administrative costs will be treated as developmental costs.

Costs of approved evaluation activities, as well as the cost of the evaluation itself, may be charged to Title IV-E administrative costs without cost allocation so that the State may claim a full fifty-percent of these costs as title IV-E administrative costs. These costs are excluded from the cost neutrality requirements and are outside of the agreed upon annual allocation amount. Evaluation costs will include all costs necessary to carry out the approved evaluation plan, including costs for evaluation activities carried out by the state and local agencies as well as those carried out by the evaluation contractor.

### **Opt Out Provisions**

If Federal or State statutes or regulations that are enacted that would have an effect on the design and impact of this project, HHS/ACL and the State will reassess the overall project and develop a mutually agreed upon strategy for dealing with the project in the context of such changes. If such a mutually agreed upon strategy cannot be developed the State reserves the right at its sole discretion to withdraw from the project.

Furthermore the State and each participating county reserves the right to opt out at any time from the waiver project at the sole discretion of the State and counties. The State will reconcile with the federal government any costs due to the federal government at that time. The state and counties will work with the federal government to establish an IV-E penetration rate for each county at the start of the project. The state and counties will assume that same rate if the chooses to opt out, the federal government ends the project early or at the end of the waiver period.

## **VI. COOPERATIVE AGREEMENTS**

The State agrees to execute all the necessary Cooperative Agreements with participating counties prior to the implementation of the project.

## **VI. PROPOSED PROJECT PERIOD**

California proposes that its project begins with the FFY '05 and that the duration of its waiver requests be for five federal fiscal years (October 1, 2004 to September 30, 2009).

Spring 2004	Finalize evaluation criteria in consultation with project sites and HHS/ACF
Spring 2004	Acceptance of the proposal and final Waiver Terms and Conditions Executed
Spring 2004	Seek enabling authority from the State legislature;

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Spring 2004	Develop the Request for Proposals for independent evaluators
Summer 2004	Select an independent evaluator
Summer 2004	Develop and implement revisions to its accounting and fiscal procedures to facilitate the proposal's implementation.
September 2004	In consultation with HHS/ACF, California will develop a project time table and work plan, establishing timelines and responsibilities for implementing the provisions of the waiver project and, submit itself to an implementation readiness review.
October 2004	Implementation

### **VII. STATUTORY AND REGULATORY REQUIREMENTS REQUIRING WAIVER**

Section 471(a)(3): To allow the State to conduct the demonstration on less than a statewide basis.

Section 471(a) (1), 472(a)(b)(e) and (h), 472 (a) and 477(a)(2): To allow the State to expend title IV-E funds for children and families who are not normally eligible under Part E of title IV of the Act.

Section 474(a) (3)(E) and 45 CFR 1356.60 (c) (3): To allow the State to make payments for services that will be provided that are not normally covered under Part E of title IV of the Act.

Waive educational costs if not covered in Section 474(a) (3)(E) and 45 CFR 1356.60 (c) (3).

*Waive portions that do not allow IV-E funds to be used to support services to legal guardians or adoptive families post transfer of legal custody or adoption.*

*Waive section on how payments will be made to allow for a monthly allocation*

*Waive section requirement on restriction of FFP to first 180 days for voluntary agreements unless there is a subsequent court determination.*

*Waive section that prohibits payment being made to non-traditional or unregulated service and care providers, for-profit providers, and for services and activities that for not meet the definitions of foster care administration or maintenance if that is different from the ones listed above.*

### **VIII. SIMILAR PROJECTS UNDERWAY**

- A. **Intensive Services (WrapAround) Waiver** – Los Angeles County has participated in the Title IV E Child Welfare Waiver Demonstration Project approved by the Department of Health and Human Services and implemented in 1998, providing intensive services, particularly WrapAround services since that date. Los Angeles County proposes to discontinue involvement in the existing waiver if this new waiver is accepted and to utilize a portion of the new flexible funding to provide Wraparound services to an expanded population. The existing WrapAround program has been successful in moving children from high-end intensive congregate care facilities to lower levels of care with additional supports as well as to return a significant number of children with high needs to their biological families.
- B. **Family to Family** – Los Angeles County has been the recipient of several grants from the Annie E. Casey Foundation for the past 5 years to plan and field-test the Family to

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Family Program. The Department has established Team Decision-Making facilitators in Service Planning Areas 4 & 6, as well as in some specialized programs. Additionally, facilitators have worked to develop community partnerships in these two areas and there are plans to engage, with existing grant funding, community partners in our remaining six Service Planning Areas within the next six months. Los Angeles County is participating in the statewide implementation of Family to Family and is actively involved as a Phase II Family to Family county.

- C. **Structured Decision Making** – Los Angeles County is one of seven pilot counties in development and use of Structured Decision-Making (SDM). The primary goal of SDM is to reduce the likelihood of subsequent abuse and neglect of children through several key objectives. These objectives are: identifying and structuring critical decision points; increasing accuracy and consistency in decision making, to target resources to families most at risk and to use case level data to inform decision on policy, practice and resource development. Los Angeles County expanded use of SDM for all emergency response staff in April 2003 and all staff will be utilizing the tools by March 2004. Additionally, Los Angeles County is under discussion with SDM's contract vendor, The Children's Research Center, for development and testing of their foster care module, which will provide standard risk assessment tools for the assessment of abuse and neglect in out-of-home care settings.
- D. **Promoting Safe and Stable Families** – Initiated in 1995 as Family Support Services, Promoting Safe and Stable Families (PSSF) is designed to strengthen and empower families and communities so they can foster the positive growth of children, youth, adults and family members. PSSF has 26 lead agencies representing community-based networks of organizations in each of the eight Service Planning Areas (SPAs) using a proactive approach toward the prevention of family problems. Services are provided to the community at-large as child abuse prevention measures. Services assist in promoting the well being, development and safety of children, youth and families, recognizing and building on the strengths of families to enhance their stability. The services are culturally responsive and rely on networks of existing community resources .
- E. **Family Preservation** – Started in 1993, Family Preservation services are provided by community-based networks providing an integrated, comprehensive approach to strengthening and preserving families at risk of or already experiencing problems in family functioning. The goal is to assure the physical, emotional, social, educational, cultural, and spiritual development of children in safe and nurturing environments. Forty-one Community Family Preservation Networks deliver these services throughout Los Angeles County.
- F. **CalWORKS Services** – In May 2003, Los Angeles County put in place a policy to comply with Welfare and Institutions Code Section 11230, which allows parents to continue to participate in the CalWORKS program up to 180 days after the removal of children receiving aid, if it is determined that the services are necessary for family reunification. DCFS CSWs collaborate with the Greater Avenues to Independence (GAIN) services workers to coordinate and incorporate the CalWORKS service plan activities with the CSW's case plan activities to establish a case plan appropriate to the family's needs. Additionally, the CSWs and GAIN services workers maintain ongoing contact with each other to monitor and assess the parent's compliance and progress with the case plan.

### **IX. METHODS USED TO OBTAIN PUBLIC INPUT**

The design process for this waiver has been a public/private collaboration between state, county, and national public welfare and child welfare leaders including:



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Dr. David Sanders	Director Los Angeles County Department of Children and Family Services
Elaine Ryan	Deputy Executive Director of Government Affairs American Public Human Services Association
Joe Loftus	President and Chief Executive Officer The Youth Campus
Andrew Bridge	Managing Director The Broad Foundation, Child Welfare Reform Programs
Patricia Chesler	Senior Advisor The Youth Campus
Patricia Curry	Commissioner Los Angeles County Commission on Children and Families
Glenn Freitas	Branch Chief California Department of Social Services Foster Care Audits and Rates Office
Kathy House	Analyst Los Angeles County Chief Administrative Office Budget and Operations Management Branch
Miriam Krinsky	Executive Director Children's Law Center of Los Angeles
Dr. Jacquelyn McCroskey	John Milner Associate Professor of Child Welfare University of Southern California School of Social Work
Joan Smith (and staff)	Deputy Director Los Angeles County Department of Children and Family Services Bureau of Finance

This group reviewed state and county administrative and performance data from a variety of sources. This group also consulted with Gail Collins of the Children's Bureau. Based on their direction, a draft application was drafted and circulated to the working group and other key stakeholders.

Preliminary discussions were held in public forums in Los Angeles related to the approval to move forward with submitting a waiver application. These included a Los Angeles County Board of Supervisors and a Los Angeles County Children Commission meeting. Discussions were also held with representatives from First 5 LA, the LA County Children's Planning Council, with community based partners providing Family Preservation (Family Preservation Roundtable), and Family Support Services (Circle of Support). The draft was reviewed and discussed in an all-day, joint meeting of the State and other interested California counties.

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Subsequent to those meetings, the final application was prepared for submission. If the waiver is granted, each participating county will hold at least one public hearing to describe the terms and opportunities of the project to the interested public.

The State is taking the lead on ensuring compliance with waiver requirements to ensure that requirements for public notice are met, and will be enhancing the application in this area.

### **XI. CURRENT COURT ORDERS AND RELATIONSHIP TO WAIVER**

The Department has consulted with some of the plaintiffs' counsel and the advisory panel in Katie A. who have participated in drafting this waiver request and agree that it furthers the requirements set forth in the settlement agreement with County of Los Angeles. Further, under the settlement agreement, the plaintiffs have agreed not to "bring new lawsuits or join in existing lawsuits for systemic declaratory or injunctive relief against the County Defendants, their officers and employees in this Court or any other Court based on claims that have been asserted in the instant lawsuit." <sup>xx</sup>

### **X. ASSURANCES**

The State of California Department of Social Services (State) seeks an agreement with the Department of Health and Human Services/Administration for Children and Families (Department) to waive certain provisions of titles IV-B and IV-E of the Social Security Act, as amended by Public Law 105-80, Public Law 108-40, and Public Law 108-89 under the authority granted by Section 1130. This proposed project is:

- *Consistent with the purposes of Titles IV-B and IV-E of the Social Security Act* in providing child welfare services, including foster care, adoption, and reunification. More specifically, the waiver application is consistent with the goal of assuring child safety, protecting the rights of children and their families, and working to ensure permanency through family preservation and support or through reunification or adoption. (See 'Relation to the California Program Improvement Plan' below.)
- *Cost neutral to the federal government for the duration of the project period.*
- *Neutral to the benefit eligibility of children and families.*

The purpose of the proposed waiver is the testing of redesigned child welfare strategies at the organizational, process, and job levels. Through the application of flexible funding strategies the State can achieve cost savings that will then be re-invested in services program sub-components. The aim of the project is to improve child and family outcomes in six (6) specific areas within defined spending limits.

#### **Relation to California Program Improvement Plan**

The proposed system reform waiver is based on theories and applications flexible funding strategy concepts and frameworks to produce specific results. The proposed project is, therefore, 100% outcomes-driven.

The recent findings and recommendations of the California Child and Family Service Review (CFSR), especially those related to the County of Los Angeles, were considered in design of this waiver proposal. The California Program Improvement Plan (PIP) was carefully reviewed. The goals, the title IV-E requirement, the CFSR Safety, Permanence, and Well-being outcomes, and the CFSR/PIP measures.

# CALIFORNIA TITLE IV-E DEMONSTRATION WAIVER PROJECT

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### Relation to State Automated Child Welfare Information System

The Child Welfare Service/Case Management System (CWS/CMS) is the central technology for documenting and transmitting information regarding child welfare services activities in California. The purposes of CWS/CMS are to serve as a tool for Social Workers to help document outcomes for children and families and to provide data that can be used to measure results and program effectiveness.

Pursuant to federal regulations for the State Automated Child Welfare Information System, identified changes will be submitted to the Children's Bureau of the Department as an "Advanced Planning Document Update." The State will communicate with the Department regarding the importance of these changes to CWS/CMS in the achievement of federal outcomes for children and families, as well as for the documentation of these outcomes.

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<sup>i</sup> Los Angeles County DCFS, "The SITE," [http://170.208.85.80/thesite/cams\\_home.asp](http://170.208.85.80/thesite/cams_home.asp)

<sup>ii</sup> California Department of Social Services, CWS/CMS database

<sup>iii</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 5

<sup>iv</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 21

<sup>v</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 21

<sup>vi</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 34

<sup>vii</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 36

<sup>viii</sup> California Child Welfare Services Outcome and Accountability System County Outcomes Quarterly Report

<sup>ix</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 38

<sup>x</sup> Los Angeles County Department of Children and Family Services, Adoptions Information System.

<sup>xi</sup> Los Angeles County DCFS, "The SITE," [http://170.208.85.80/thesite/thesite\\_casegoals\\_summary.asp](http://170.208.85.80/thesite/thesite_casegoals_summary.asp)

<sup>xii</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 8

<sup>xiii</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 47

<sup>xiv</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 49

<sup>xv</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 55

<sup>xvi</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 58

<sup>xvii</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 76 and 78

<sup>xviii</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 77

<sup>xix</sup> U.S. Department of Health and Human Services, U.S. Child and Family Services Review, Final Report of California, p. 81

<sup>xx</sup> Katie A., Settlement Agreement, F. Covenants Not to Sue, April 18, 2003.

SYN. NO. \_\_\_\_\_

AGN. NO. \_\_\_\_\_

MOTION BY SUPERVISORS ZEV YAROSLAVSKY AND  
MICHAEL ANTONOVICH

FEBRUARY 10, 2004

**AMENDMENT TO ITEM 17**

**WE MOVE** that the Board of Supervisors approve the proposal for a Title IV-E Demonstration Waiver Application and direct the Department of Children and Family Services to modify the proposal to include language that would allow the State to expend Title IV-E funding on service blending and capital expenses for a residential academy to support life-skills, individualized educational opportunities, and enriched services for improved emancipation outcomes.

WA: MOTIONS\Title IV-E Waiver

MOTION

MOLINA	_____
BURKE	_____
YAROSLAVSKY	_____
ANTONOVICH	_____
KNABE	_____



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-2766  
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY  
AUDITOR-CONTROLLER

February 13, 2004

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *tm*  
Auditor-Controller

SUBJECT: **Costs Provided for in the Rate Classification Level for Children in Group Homes**

The Board asked the Auditor-Controller to confirm that the Rate Classification Level (RCL) rates (i.e., fixed rates based on a child's assessed needs), include housing costs such as rent, mortgage payments to group home owners, or lease payments. The answer is yes.

The rates are primarily based on staffing costs related to the needs of the children in the group home. But, the rates also provide for housing and other operating costs. There is no set percentage or fixed amount in the rates for housing costs. Rather, the RCL rates are all-inclusive fixed rates to pay for all necessary services to provide care for children in a licensed group home. If the provider owns the home, the costs charged for rent must meet certain reasonableness requirements.

An official in the State Department of Social Services (SDSS) confirmed this information.

JTM

c: David E. Janssen  
Lloyd W. Pellman  
David Sanders, Ph.D  
Violet Varona-Lukens